



MAPHUMULO LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

General Information

Legal form of entity	Local Municipality
Mayoral committee	
Mayor	Cllr. H.N. Ngcobo (ANC - 01/07/2011- 30/06/2012)
Councillors	Cllr.H.N. Ngcobo (ANC- Exco Member) Cllr. V.E. Mbatha (ANC- Speaker) Cllr. M.P. Mbonambi (ANC - Deputy Mayor) Cllr. N.P. Nxumalo (IFP - Exco Member) Cllr. M.L. Ngidi (IFP - Exco Member) Cllr. E.V. Mhlongo (IFP - Councillor) Cllr. N.S. Ndlovu (NFP - Councillor) Cllr. A.T Xulu (NFP - Councillor) Cllr. D.J. Zubane (IFP - Councillor) Cllr. K.P. Ninela (IFP - Councillor) Cllr. N.P. Nxumalo (IFP - Councillor) Cllr. V. Nzama (ANC - Councillor) Cllr. S. Nyathikazi (IFP - Councillor) Cllr. M. Gasela (ANC - Councillors) Cllr. B. Luthuli (ANC - Councillors) Cllr. B.J. Mtshali (ANC - Councillor) Cllr. T.S. Sosibo (IFP - Councillor) Cllr. A. Chili (ANC- Councillor) Cllr. S. Shange (ANC - Councillor) Cllr. N. Kunene (ANC - Councillor) Cllr. J.L. Mpungose (IFP - Councillor) Cllr. L. Zondi (ANC - Councillor) Cllr. P. Ngcamu (ANC - Councillor)
Grading of local authority	2
Accounting Officer	Mr. V.W. Mhlongo (01/07/2011 - 30/09/2011) Mr N M Mkhize (01/10/2011-30/04/2012) Mr G S Majola (01/05/2012 - 30/06/2012)
Chief Financial Officer (CFO)	Mr. B. Ngubane
Registered office	MR 711, LOT 152 Maphumulo 4470
Physical address	MR 711, LOT 152 Maphumulo 4470
Postal address	Private Bag X 9205 Maphumulo 4470
Bankers	First National Bank
Auditors	Auditor General

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

General Information

Telephone number	032 481 4500
Fax Number	032 481 2053
Website	www.maphumulo.gov.za

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The reports and statements set out below comprise the annual financial statements presented to the Council:

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MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Accounting Officer's Responsibilities and Approval

I the municipal manager am responsible for the preparation of these annual financial statements, which are set out on pages 8 to 44, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 5 to 44, which have been prepared on the going concern basis, were approved by the municipal manager on August 31, 2012 and were signed by him:

Acting Municipal Manager: G S Majola

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
ASSETS			
Current Assets			
Trade and other receivables	3	1,402,984	1,664,572
VAT receivable	4	2,335,899	520,602
Consumer debtors	5	1,221,586	2,355,356
Cash and cash equivalents	6	39,780,570	8,551,460
		44,741,039	13,091,990
Non-Current Assets			
Investment property	7	13,885,866	12,481,572
Property, plant and equipment	8	90,346,974	77,218,894
Intangible assets	9	515,602	613,079
Long term receivables	10	60,862	71,862
		104,809,304	90,385,407
Total Assets		149,550,343	103,477,397
LIABILITIES			
Current Liabilities			
Other financial liabilities	11	831,697	730,653
Lease obligation	12	720,522	469,014
Operating lease liability	13	39,484	8,432
Trade and other payables	14	11,943,620	9,172,419
Unspent conditional grants and receipts	15	22,623,216	3,926,059
Bank overdraft	6	-	9,804
		36,158,539	14,316,381
Non-Current Liabilities			
Other financial liabilities	11	6,982,672	8,257,745
Lease obligation	12	1,704,964	2,002,502
		8,687,636	10,260,247
NET ASSETS		104,704,168	78,900,769
NET ASSETS			
Accumulated surplus		104,704,168	78,900,769

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Property rates	16	9,172,261	5,923,046
Rental of facilities and equipment		768,603	628,113
Government grants & subsidies	17	66,022,976	48,495,512
Bad debts recovered		3,836	13,885
Other income	19	249,683	549,450
Interest received - investment	20	1,580,891	500,559
Total Revenue		77,798,250	56,110,565
Expenditure			
Personnel	21	(14,536,492)	(11,975,503)
Remuneration of councillors	22	(4,808,880)	(3,971,762)
Depreciation and amortisation	23	(5,698,271)	(4,357,314)
Impairment loss/ Reversal of impairments		(213,662)	-
Finance costs	24	(1,327,142)	(1,503,980)
Auditors remuneration	25	(1,009,576)	(966,186)
Repairs and maintenance		(872,755)	(1,555,992)
Grant funded expenditure	38	(4,845,784)	(4,552,797)
General expenses	26	(18,682,280)	(13,414,539)
Total Expenditure		(51,994,842)	(42,298,073)
Surplus for the year		25,803,408	13,802,212

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	62,083,071	62,083,071
Adjustments		
Prior year adjustments	3,015,486	3,015,486
Balance at 01 July, 2010 as restated	65,098,557	65,098,557
Changes in net assets		
Surplus for the year	13,802,212	13,802,212
Total changes	13,802,212	13,802,212
Opening balance as previously reported	78,890,956	78,890,956
Adjustments		
Prior year adjustments	9,804	9,804
Balance at 01 July, 2011 as restated	78,900,760	78,900,760
Changes in net assets		
Surplus for the year	25,803,408	25,803,408
Total changes	25,803,408	25,803,408
Balance at 30 June, 2012	104,704,168	104,704,168

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Cash Receipts From Ratepayers, Government and Others		96,781,353	54,675,521
Interest Received		1,580,891	391,833
		<u>98,362,244</u>	<u>55,067,354</u>
Payments			
Cash Paid to Suppliers and Employees		(43,848,496)	(30,792,407)
Finance Cost		(1,327,008)	(1,503,980)
		<u>(45,175,504)</u>	<u>(32,296,387)</u>
Net cash flows from operating activities	27	53,186,740	22,770,967
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(20,326,429)	(18,659,106)
Proceeds from sale of property, plant and equipment	8	-	351,675
Purchase of investment property	7	-	(379,082)
Purchase of other intangible assets	9	(20,406)	(98,648)
Sale of businesses		-	-
Purchase of financial assets		-	(5,247,782)
Proceeds from sale of long term receivables		11,000	6,754
Net cash flows from investing activities		(20,335,835)	(24,026,189)
Cash flows from financing activities			
Repayment of other financial liabilities		(1,174,029)	(545,473)
Finance lease receipts (payments)		(469,014)	2,050,360
Other cash item		31,052	8,432
Net cash flows from financing activities		(1,611,991)	1,513,319
Net (decrease)/increase in cash and cash equivalents		31,238,914	258,097
Cash and cash equivalents at the beginning of the year		8,541,656	8,283,559
Cash and cash equivalents at the end of the year	6	39,780,570	8,541,656

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practices (GRAP) , and including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

These accounting policies are consistent with the previous year.

1.1 Presentation of currency

These annual financial statements are presented in South African Rand. All figures are rounded to the nearest rand.

1.2 Going concern assumption

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for ongoing operations.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Accounting Policies

1.3 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Depreciation is provided on a straight-line basis which, it is estimated, will reduce the carrying amounts of the assets to their residual values at the end of their expected useful lives. The current estimated useful lives of various assets are as follows:

Item	Average useful life
Land & building	10 - 30 years
Infrastructure assets	10 - 30 years
Plant and machinery	5 - 18 years
Furniture and fixtures	5 - 15 years
Motor vehicles	3 - 10 years
Office equipment	5 - 10 years
Computer hardware	3 - 7 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Impairment

The carrying amounts of tangible and intangible assets are reviewed at each financial year end to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. An asset is impaired when its carrying amount exceeds its recoverable amount.

1.5 Disposal of property, plant & equipment

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset on the date of disposal, and is recognised in the Statement of Financial Performance

1.6 Incomplete construction work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is commissioned into use.

Accounting Policies

1.7 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Software is amortised on a straight-line basis over its anticipated useful life. Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the Municipality and have an probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred. Intangible assets with an infinite useful lives are not amortised and are recorded at cost.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, other	3 - 7 years
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1.8 Reserves

The municipality maintains no Reserves with exception of the Accumulated Surplus.

Accounting Policies

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Municipality as Lessee

Finance lease assets and liabilities are recognised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the future minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balances of the liability for each period. The property plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Operating leases are those leases which do not fall within the scope of the above definition. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

The Municipality will not incur a foreign currency lease liability other than that allowed by the Municipal Finance Management Act, 2003 (Act 56 of 2003).

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

1.10 Financial instruments

Financial assets

The Municipality classifies its financial assets in the following categories:

- Loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. With regard to reclassifications of financial assets, the entity shall not reclassify a financial instrument into or out of the fair value through profit or loss category while it is held or issued. The Municipal Financial Management Act, 2003 (Act 56 of 2003) requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty interest rate to meet commitments.

The Municipal Financial Management Act, 2003 (Act 56 of 2003) requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty interest rate to meet commitments.

Initial recognition

Financial instruments are initially recognised at fair value.

Definition of financial asset

Any asset that is cash

-an equity instrument of another entity

-a contractual right

-to receive cash or another financial asset from another entity; or

-to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

-a contract that will or may be settled in the entity's own equity instruments and is:

-a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments

-a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Accounting Policies

1.10 Financial instruments (continued)

Definition of financial liability

Any liability that is:

-a contractual obligation:

-to deliver cash or another financial asset to another entity; or

to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

-a contract that will or may be settled in the entity's own equity instruments and is

-a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or

-a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include: instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instrument.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit include interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Municipality's loans and receivables comprise "trade receivables and other receivables" and cash and cash equivalents.

Interest bearing borrowing

Interest bearing borrowings are recognised initially at fair value, net of transaction costs incurred. It should also be added that interest bearing borrowings are classified as non-current and current liabilities. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method. Interest bearing borrowings are classified as non-current and current liabilities unless the municipality has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Offsetting of financial assets and liabilities

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when and only when:

a) The Municipality has a legally enforceable right to set off the recognised amount; and

b) The Municipality intends either to settle on a net basis, or realise the asset and settle the liability simultaneously.

c) In accounting for a transfer of a financial asset that does not qualify for derecognition, the Municipality will not offset the transferred asset and the associated liability.

Derecognition

Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred, and the municipality has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost.

Accounting Policies

1.10 Financial instruments (continued)

Impairment of financial assets

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified. Impairment losses recognised in the Statement of Financial Performance on equity instruments are not reversed through the Statement of Financial Performance.

Disposal

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Counterparty exposure

The Municipality limits its counterparty exposure arising from money market by only dealing with well established financial institutions.

Trade and other payables

Trade creditors are paid within 30 Days. The Municipality does not discount the creditors and as a result we have not factored any discounting into the value of trade creditors and the face value is taken as invoice value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Finance charges on bank overdrafts are expensed as incurred.

1.11 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are recognised when the municipality has a present, legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at year end adjusted to reflect the best current estimate.

1.12 Revenue from exchange transactions

Revenue is derived from grants from other tiers of government, trading activities and other services provided. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the

Accounting Policies

1.12 Revenue from exchange transactions (continued)

municipality.

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest earned on investments

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investment

1.13 Revenue from non-exchange transactions

Donations and contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use. Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where these conditions have not been met, a liability is recognised. Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use. The fair value of the assets contributed is determined and recorded when the risks and rewards of ownership have been transferred.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act, 2003 (Act 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.14 Conditional Grants & Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised when the criteria, conditions or obligations have not been met.

1.15 Borrowing costs

Borrowing costs resulting from financing of capital projects during the period of construction are capitalised into the asset developed. Any other borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.16 Value Added Tax

The Municipality accounts for Value Added Tax on the cash basis.

1.17 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act, 2003(Act 56 of 2003).

Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act 56 of 2003), the Municipal Systems Act, 2000 (Act 32 of 2000), the Public Office Bearers Act, 1993 (Act 20 of 1998) or in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

1.19 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Taxation

Municipality is exempt from tax in terms of section 10(1)(a) of the Income Tax Act.

Accounting Policies

1.21 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment Property consists of a building developed to generate rental revenue and boost economic development within the Municipality. The property is carried at cost less accumulated depreciation or impairment over its useful life. Rental revenue is recognised in the statement of performance when it is due or received.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

1.22 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Accounting Policies

1.23 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality

Standard	Details	Effective date	Implementation date by the municipality
Effect of implementation on the AFS			
GRAP 18	Segment Reporting	Not yet determined	N/A
The objective of this Standard is to establish principles for reporting financial information by segments. This will not be applicable to our municipality as we do not have other segments.			
GRAP 21	Related parties	Not yet determined	When it becomes effective
It will ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.			
GRAP 23	"Revenue from Non-exchange Transactions (Taxes and Transfers)"	1-Jul-12	1-Jul-12
One of the key issues for municipalities is the difference between GRAP 23 and GAMAP 9 Revenue regarding the treatment of grants and other transfers. Under GAMAP 9, entities may have deferred the recognition of revenue from grants and other transfers until the related expenditure was incurred. GRAP 23 only allows the deferral of revenue when a valid obligation exists. A valid obligation only exists where a grant or transfer is subject to conditions, i.e. the resources (which may be cash or other assets) must be used in a certain way or returned to the transferor.			
GRAP 24	"Presentation of Budget Information in the Financial Statements"	1-Jul-12	1-Jul-12
It will ensure that users of the financial statements understand the link between the budget and financial statements, hold entities accountable for their actual activities against what was planned, and how allocated resources were utilised.			
GRAP 25	Employee benefits	1-Jul-12	1-Jul-12
"This standard will provide accounting principles for Salaries, wages and bonuses paid to employees, Contributions made to third parties, eg to insurance companies on behalf of employees or their dependants. Free or subsidised goods and services, such as free housing or medical care provided to employees or their dependants. Benefits provided to employees on retirement, eg entities may provide pension benefits to their employees, or agree to pay their medical aid or other medical expenses after retirement. Long-term benefits provided to oyees, such as sabbatical or long service leave, or disability benefits. Benefits paid to employees who either accept voluntary retrenchment packages or have their employment contracts terminated before retirement age."			
GRAP 103	Heritage Assets	1-Jul-12	1-Jul-12
Although GRAP 103 will be applied retrospectively, we are granted a period of three years in which to measure their heritage assets. These transitional provisions are similar to those granted to medium and low capacity municipalities for other asset-related Standards. Although entities are allowed three years within which to comply with the initial and subsequent measurement requirements of the Standard, entities should undertake a physical verification of the heritage assets on hand at 30 June 2012 to assist in determining the opening balance for the 2012/13 reporting period.			
GRAP 104	Financial Instruments	1-Jul-12	1-Jul-12
For the current year, we applied IAS 39 to formulate the accounting policy relating to financial instruments. The main difference between GRAP 104 and IAS 39 is the elimination of certain categories of financial assets in GRAP 104. As a result of these differences in categorisation, entities should analyse the financial assets recognised as at 30 June 2012 and categorise them using the requirements in GRAP 104.			

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
2. Prior period errors		
Statement of financial position		
Other financial assets	-	9,804
3. Trade and other receivables		
Employee costs in advance	23,311	22,298
Game Stores	13,124	13,124
Rental	680,952	360,284
SARS - PAYE	884,104	884,104
Provision for doubtful debts	(317,509)	(107,427)
Sundry Debtor	63,067	101,567
Government subsidies	-	99,298
Prepaid expenses	-	110,000
Department of Human Settlement	55,935	175,660
Interest Receivables	-	5,664
	1,402,984	1,664,572
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	107,427	315,056
Current year increase in provision	210,082	(108,332)
Unused amounts reversed	-	(99,297)
	317,509	107,427

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
4. VAT receivable		
VAT	2,335,899	520,602
5. Consumer debtors		
Gross balances		
Rates	2,988,842	4,274,135
Less: Provision for debt impairment		
Rates	(1,767,256)	(1,918,779)
Net balance		
Rates	1,221,586	2,355,356
Rates		
Current (0 -30 days)	109,266	2,143,023
31 - 60 days	178,399	48,261
61 - 90 days	94,399	45,057
91 - 120 days	93,074	40,525
121 - 365 days	727,080	78,490
	1,221,586	2,355,356
Reconciliation of debt impairment provision on Consumer debtors		
Balance at beginning of the year	(1,918,779)	(1,782,034)
Contributions to provision	(2,915,046)	(1,072,979)
Debt impairment written off against provision	3,066,569	936,234
	(1,767,256)	(1,918,779)
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	629	4,256
Bank balances and cash	39,779,941	8,537,400
	39,780,570	8,541,656
First National Bank- main- 62023868998	5,426,192	496,013
ABSA- current- 4056102866	6,479,561	1,004,684

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

6. Cash and cash equivalents (continued)

Cash investments

Account Description & Number	Opening Balance	Deposits	Interest	Payments	Closing Balance
ABSA Call A/C #:2071290533	3,029,092	-	60,749	3,089,841	-
ABSA Call A/C #: 9159847532	69,026	6,000,000	130,243	3,000,000	3,199,269
FNB Investments A/C #: 71044342667	292,768	5,664	15,872	-	308,640
FNB Investments A/C #: 74105603986	1,575,723	-	91,026	-	1,666,748
FNB Investments A/C #: 62207539795	2,052,298	3,027,862	52,466	3,000,000	2,132,626
FNB Investments A/C #:62346755301	-	13,001,389	218,649	-	13,220,038
Nedbank Investments #: 30955491	49,766	-	2,163	-	51,929
ABSA Call A/C #:2071802556	-	3,000,000	113,348	-	3,113,348
FNB Investments A/C #:74322595073	-	7,000,000	80,160	7,080,160	-
Nedbank Investments #:1323991107	-	4,000,000	181,590	-	4,181,590
	7,068,673	36,034,915	946,266	16,170,001	27,874,188

Current Accounts Held by the Municipality

Account Description & Number	Balance per Bank statement 2012	Balance per Bank statement 2011	Cash book balance 2012	Cash book balance 2011	Closing Balance
FNB Current Account # 62023868998	5,426,192	496,013	5,426,192	496,013	-
ABSA Current Account # 4056102866	6,479,561	1,004,684	6,479,561	1,004,684	-
	11,905,753	1,500,697	11,905,753	1,500,697	-

7. Investment property

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
MPCC & Sakhuxolo Building	16,114,609	(2,228,743)	13,885,866	13,486,145	(1,004,573)	12,481,572

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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7. Investment property (continued)

Reconciliation of investment property - 2012

	Opening balance	Transfers	Depreciation	Total
MPCC & Sakhuxolo Building	12,481,572	1,902,547	(498,223)	13,885,896

The fair value of the investment property is not reliably determinable on a continuing basis as comparative market transactions are infrequent, council consider fair value to approximately equate to cost.

Other disclosures

Total rental income from investment property	514,640	-
Total direct operating expenses arising from investment property that generated revenue	970,250	-
Total direct operating expenses arising from investment property that did not generated revenue	-	-

Details of property

MPCC Building

Total rental income from investment property	448,045	-
Total direct operating expenses arising from investment property that generated revenue	(526,679)	-
	(78,634)	-

Sakhuxolo Building

Total rental income from investment property	66,595	-
Total direct operating expenses arising from investment property that generated revenue	(443,571)	-
	(376,976)	-

8. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	25,018,029	(3,079,095)	21,938,934	27,646,493	(2,985,858)	24,660,635
Plant and machinery	3,856,479	(1,906,969)	1,949,510	3,769,431	(1,826,766)	1,942,665
Furniture and fixtures	3,513,077	(839,973)	2,673,104	3,777,372	(704,001)	3,073,371
Motor vehicles	2,932,792	(952,585)	1,980,207	2,932,793	(554,461)	2,378,332
Office equipment	1,226,573	(288,726)	937,847	1,092,120	(244,541)	847,579
IT equipment	642,654	(282,183)	360,471	694,259	(283,393)	410,866
Infrastructure	44,242,051	(8,159,931)	36,082,120	30,479,539	(5,006,312)	25,473,227
Other property, plant and equipment	-	-	-	-	-	-
Capital work in progress	24,424,781	-	24,424,781	18,432,219	-	18,432,219
Total	105,856,436	(15,509,462)	90,346,974	88,824,226	(11,605,332)	77,218,894

Reconciliation of property, plant and equipment - 2012

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

8. Property, plant and equipment (continued)

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land and Buildings	24,660,634	-	(1,902,517)	(819,183)	-	21,938,934
Plant and machinery	1,942,665	248,858	-	(192,986)	(49,027)	1,949,510
Furniture and fixtures	3,073,371	49,597	-	(322,507)	(127,357)	2,673,104
Motor vehicles	2,378,331	-	-	(398,123)	-	1,980,208
Office equipment	847,578	184,459	-	(88,314)	(5,876)	937,847
IT equipment	410,865	88,441	-	(107,436)	(31,400)	360,470
Infrastructure	25,473,227	-	13,762,511	(3,153,618)	-	36,082,120
Capital work in progress	18,432,219	19,755,073	(13,762,511)	-	-	24,424,781
	77,218,890	20,326,428	(1,902,517)	(5,082,167)	(213,660)	90,346,974

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land and Buildings	24,048,683	1,539,208	-	-	(927,256)	24,660,635
Plant and machinery	2,144,421	31,695	-	-	(233,451)	1,942,665
Furniture and fixtures	446,739	2,890,068	-	-	(263,436)	3,073,371
Motor vehicles	694,661	2,492,106	(361,953)	-	(446,482)	2,378,332
Office equipment	524,701	346,730	-	-	(23,852)	847,579
IT equipment	217,608	281,283	-	-	(88,025)	410,866
Infrastructure	23,627,153	556,252	-	3,309,514	(2,019,692)	25,473,227
Capital work in progress	11,219,969	10,521,764	-	(3,309,514)	-	18,432,219
	62,923,935	18,659,106	(361,953)	-	(4,002,194)	77,218,894

Pledged as security

Office buildings MR 711, Lot 152, Maphumulo are secured over mortgage bond referred to note 11.

Assets subject to finance lease (Net carrying amount)

Motor vehicles	2,673,104	464,991
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9. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	841,726	(326,124)	515,602	821,320	(208,241)	613,079

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software, other	613,079	20,406	(117,883)	515,602

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software, other	629,554	98,648	(115,123)	613,079

10. Long term receivables

Long term receivables - Non-current portion	60,862	71,862
Long term receivables - Current portion	-	-
Less: Provision for bad debts	-	-
	60,862	71,862

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
11. Other financial liabilities		
Long term loans		
FNB	7,814,369	8,988,398
	7,814,369	8,988,398
	-	-
The Loan is repayable quarterly payments of approximately R449 583.00 over 10 years and it bears interest of 12.8%. It is secured over a mortgage bond MR 711, Lot 152, Maphumulo, 1470		
Non-current liabilities		
Long term loans	6,982,672	8,257,745
Current liabilities		
Long term loans	831,697	730,653
	6,982,672	8,257,745
	831,697	730,653
	7,814,369	8,988,398
12. Lease obligation		
Minimum lease payments due		
- within one year	720,522	715,268
- in second to fifth year inclusive	1,704,965	2,399,634
	2,425,487	3,114,902
less: future finance charges	(397,131)	(643,386)
Present value of minimum lease payments	2,028,356	2,471,516
Present value of minimum lease payments due		
- within one year	528,839	469,014
- in second to fifth year inclusive	1,896,647	2,002,502
	2,425,486	2,471,516
Non-current liabilities	1,704,964	2,002,502
Current liabilities	720,522	469,014
	2,425,486	2,471,516
13. Operating lease accrual		
Within one year	155,623	145,073
2 to 5 years	129,686	326,716
	(39,484)	(8,432)
Operating lease accrued	(39,484)	463,357
14. Trade and other payables		
Trade payables	4,082,821	2,472,373
Payments received in advanced - contract in process	818	-
Uncleared Cheques	368,550	2,955,663
Ilembe creditors	-	22,027
Accrued leave pay - Non Exchange	2,730,677	2,129,617
S&T Accruals - Non Exchange	-	5,565

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
14. Trade and other payables (continued)		
Petrol Card Accruals	33,793	28,837
Deposits received	14,809	9,662
Other payables - Control Accounts	20,951	20,950
Guarantees	1,099,711	-
VW Mhlongo - Non Exchange	272,625	13,316
Retention	3,318,165	1,514,409
Indemnity	700	-
	11,943,620	9,172,419
15. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Anti - Corruption	134,500	134,500
CCJC Woman	4,050	4,050
Corrido Development	9,000,000	-
Feasibility Study	39,261	39,261
Financial Management Grant	146,456	266,776
GIS Fund	246,468	246,468
Housing Sector Plan	2,543	-
IDP Grant	-	321
Infrastructure Investment Plan	14,622	14,622
Unspent public contributions and donations	1	170
Internal Controls	-	310
Kwashushu Hotsprings	190,476	190,476
MAP Project Consolidated	331,387	506,387
MDP Capacity Building	-	32,715
MPRA-Ilembe	28,869	28,869
MSIG PMS	-	5,254
Municipal Infrastructure Grant	-	268,611
Municipal System Improvement Grand	102,167	16,067
Operational Support MPCC	-	22,694
INEP	7,368,421	-
Small Town Rehabilitation Grant	4,131,684	1,291,489
Project Consolidated	73,181	73,181
Project Rates Implementation	1,409	1,409
Unspent grants 9	25,292	-
Sport grant	295,236	295,236
Titanium Mining	100,000	100,000
Urban Design Framework	17,193	17,193
Valuation Roll	370,000	370,000
	22,623,216	3,926,059

See APPENDIX G for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised. Request has been made to Provincial Treasury Office for unutilized grants that remain as balance from prior year to the value of R1 125 988 to be spend on the other projects.

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
16. Property rates		
Rates received		
Property Rates	18,359,925	17,920,054
Less: Income forgone	(9,187,664)	(11,997,008)
	9,172,261	5,923,046

Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 1 July 2009.

Randage applicable to all properties equal to 0.05.

Rebates amount to 30% for all categories except for Ingonyama Trust Board which receives a 50% rebate.

17. Government grants and subsidies Realised

Art & Craft	-	26,702
Capacity Support Grant	-	70,190
Equitable share	42,261,000	33,487,950
Financial Management Grant	1,570,319	1,151,446
IDP Grant	321	13,100
Induction training Grant	-	10,745
Inter - Departmental Monitoring	169	8,333
Government grants (capital) 7	-	149,690
KwaShushu Hotsprings	-	771,070
MAP Project Consolidated	175,000	-
MDP Capacity Building	32,715	-
Small Town Rehabilitation	1,159,805	408,511
Government grant (capital) 17	2,943,047	-
Government grant (operating) 3	(859)	-
MSIG PMS	5,254	-
Municipal Infrastructure Grant	17,149,611	9,575,903
MunicipalSystem Improvement Grant	703,900	1,391,804
Operational Support MPCC	22,694	382,566
Project Consolidated	-	54,238
Grant Income: Sports	-	993,264
	66,022,976	48,495,512

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of , which is funded from the grant.

Capacity Support Grant

Balance unspent at beginning of year	-	70,190
Conditions met - transferred to revenue	-	(70,190)
	-	-

Feasibility Study

Balance unspent at beginning of year	39,261	39,261
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Notes to the Annual Financial Statements

Figures in Rand	2012	2011
17. Government grants and subsidies Realised (continued)		
IDP Grant		
Balance unspent at beginning of year	321	9,000
Conditions met - transferred to revenue	(321)	(8,679)
	-	321
Municipal System Improvement Grant		
Balance unspent at beginning of year	16,067	657,870
Current-year receipts	790,000	750,000
Conditions met - transferred to revenue	(703,900)	(1,391,803)
	102,167	16,067
Financial Management Grant		
Balance unspent at beginning of year	266,776	218,222
Current-year receipts	1,450,000	1,200,000
Conditions met - transferred to revenue	(1,570,320)	(1,151,446)
	146,456	266,776
This grant is funded by National Treasury to assist Local Government Pilot Municipality with Financial Management and Budget Reforms, as part of the National Reform program. No funds have been withheld.		
MDP Capacity Building		
Balance unspent at beginning of year	32,715	32,715
Conditions met - transferred to revenue	(32,715)	-
	-	32,715
Anti- Corruption		
Balance unspent at beginning of year	134,500	134,500
Conditions still to be met - remain liabilities (see note 15)		
Provide explanations of conditions still to be met and other relevant information		
MAP Project Consolidated		
Balance unspent at beginning of year	506,387	506,387
Conditions met - transferred to revenue	(175,000)	-
	331,387	506,387
Project Consolidate		
Balance unspent at beginning of year	73,181	127,419
Conditions met - transferred to revenue	-	(54,238)
	73,181	73,181

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
17. Government grants and subsidies Realised (continued)		
Inter Departmental Monitoring		
Balance unspent at beginning of year	170	8,502
Conditions met - transferred to revenue	(169)	(8,332)
	1	170
Project Rates Implementation		
Balance unspent at beginning of year	1,409	1,409
Valuation Roll		
Balance unspent at beginning of year	370,000	370,000
MPRA-Ilembe		
Balance unspent at beginning of year	28,869	28,869
GIS Fund		
Balance unspent at beginning of year	246,468	246,468
Municipal Infrastructure Grant		
Balance unspent at beginning of year	268,611	(3,015,486)
Current-year receipts	16,881,000	12,860,000
Conditions met - transferred to revenue	(17,442,973)	(9,575,903)
	(293,362)	268,611
This grant is used to construct roads and sewerage infrastructure as part of the capital expenditure (included in the roads and sewerage votes in Appendix B). No funds have been withheld.		
Local Government SETA		
Balance unspent at beginning of year	-	223,218
Conditions met - transferred to revenue	-	(223,218)
	-	-
This amount was recognised as a grant instead of a refund from LG Seta, therefore it was taken out to other income.		
Internal Controls		
Balance unspent at beginning of year	310	150,000
Conditions met - transferred to revenue	(310)	(149,690)
	-	310
Arts and Craft		
Balance unspent at beginning of year	-	26,702
Conditions met - transferred to revenue	-	(26,702)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
17. Government grants and subsidies Realised (continued)		
Infrastructure Investment Plan		
Balance unspent at beginning of year	14,622	14,622
Public Participation		
Balance unspent at beginning of year	-	3,168
Conditions met - transferred to revenue	-	(3,168)
	-	-
Induction Training Grant		
Balance unspent at beginning of year	-	10,745
Conditions met - transferred to revenue	-	(10,745)
	-	-
Corrido Development		
Current-year receipts	9,000,000	-
Urban Design Framework		
Balance unspent at beginning of year	17,193	17,193
Titanium Mining		
Balance unspent at beginning of year	100,000	100,000
Operational Support MPCC		
Balance unspent at beginning of year	22,694	405,261
Conditions met - transferred to revenue	(22,694)	(382,567)
	-	22,694
Kwashushu Hotsprings		
Balance unspent at beginning of year	190,476	(1,038,454)
Current-year receipts	-	2,000,000
Conditions met - transferred to revenue	-	(771,070)
	190,476	190,476
Conditions still to be met - remain liabilities (see note 15)		
Provide explanations of conditions still to be met and other relevant information		
CCJC Woman		
Balance unspent at beginning of year	4,050	4,050

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
17. Government grants and subsidies Realised (continued)		
Small Town Rehabilitation Grant		
Balance unspent at beginning of year	1,291,489	-
Current-year receipts	4,000,000	1,700,000
Conditions met - transferred to revenue	(1,159,805)	(408,511)
	4,131,684	1,291,489
Sport grant		
Balance unspent at beginning of year	295,236	1,288,500
Conditions met - transferred to revenue	-	(993,264)
	295,236	295,236
INEP Grant		
Current-year receipts	10,000,000	-
Conditions met - transferred to revenue	(2,631,579)	-
	7,368,421	-
Conditions still to be met - remain liabilities (see note 15)		
Provide explanations of conditions still to be met and other relevant information		
18. Revenue		
Property rates	9,172,261	5,923,046
Rental of facilities & equipment	768,603	628,113
Government grants & subsidies	66,022,976	48,495,512
	75,963,840	55,046,671
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities & equipment	768,603	628,113
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	9,172,261	5,923,046
Government grants & subsidies	66,022,976	48,495,512
	75,195,237	54,418,558
Lease Revenue		
Not later than 1 year:	655,306	351,179
Later than 1 year but not later than five years	2,640,178	1,792,803
	3,295,484	2,143,982

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
19. Other income		
Tender document sales	74,093	153,100
Discount received	-	1,121
Other income	173,949	393,903
Administration fees and commission	1,641	1,326
	249,683	549,450
20. Investment revenue		
Interest revenue		
Investments	1,244,695	281,120
Interest charged on trade and other receivables	336,196	219,439
	1,580,891	500,559
	-	-
	1,580,891	500,559
21. Employee related costs		
Basic	9,312,846	7,581,767
Medical aid - company contributions	470,915	388,413
UIF	82,649	70,068
SDL	129,237	104,886
Post-employment benefits - Pension - Defined contribution plan	937,293	898,036
Car allowance	545,861	350,250
Housing benefits and allowances	74,936	71,436
Cellphone Allowance	46,000	32,000
Group Life	14,354	19,048
	11,614,091	9,515,904
Remuneration of Municipal Manager: V W Mhlongo		
Annual Remuneration	439,119	564,197
Travel Allowance	208,540	222,144
Housing	6,000	6,000
Other allowances	25,668	46,546
Contributions to UIF, Medical and Pension Funds	160,405	118,464
	839,732	957,351
Remuneration of Acting Municipal Manager: N M MKhize		
Annual Remuneration	356,964	-
Travel Allowance	121,648	-
Contributions to UIF, Medical and Pension Funds	873	-
	479,485	-
Remuneration of Chief Finance Officer: B Ngubane		
Annual Remuneration	618,633	583,176
Travel Allowance	215,767	203,400
Contributions to UIF, Medical and Pension Funds	-	-
	834,400	786,576

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
21. Employee related costs (continued)		
Remuneration of the Director:Support Services: J I Mhlongo		
Annual Remuneration	529,858	468,901
Travel Allowance	162,544	153,228
Contributions to UIF, Medical and Pension Funds	76,383	93,543
	768,785	715,672
22. Remuneration of councillors		
Mayor	536,334	-
Deputy Executive Mayor	239,283	-
Mayoral Committee Members	544,290	2,506,195
Speaker	259,586	-
Councillors Allowances	2,278,846	883,564
Skills Development	41,512	5,581
Cellphone Allowance	194,492	225,078
Councillors Medical Aid Contributions	-	104,114
Councillors Pension fund Contributions	20,316	247,230
Travell Allowance	694,221	-
	4,808,880	3,971,762
23. Depreciation and amortisation		
Property, plant and equipment	5,082,167	4,357,314
Investment property	498,223	-
Intangible assets	117,883	-
	5,698,273	4,357,314
24. Finance Costs		
Interest Expense	1,327,142	1,503,980
25. Auditors' remuneration		
Fees	1,009,576	966,186

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
26. General expenses		
Advertising	379,143	420,680
Agriculture expenses	-	6,700
Audit Committee	37,208	9,316
Bad Debts	3,066,569	6,754
Bank charges	24,812	75,961
Billing charges	13,545	19,838
Cleaning	1,254,826	845,785
Community Awareness	543,008	1,176,184
Consulting and professional fees	1,366,506	934,696
Electricity and Water	597,984	627,646
Emergency relief & disaster	68	-
Entertainment	127,410	217,136
Contribution to bad debts provision	58,559	973,681
Free Basic Services	378,292	494,872
Fuel and oil	494,821	414,806
IDP Review	61,060	119,514
Land use Management	200,266	-
Insurance	201,030	241,162
Internal Audit	470,589	539,690
LED Projects	9,715	4,900
Licences	28,120	89,888
Magazines, books and periodicals	594	975
Mayoral Office	2,202	37,126
Medical Exams	2,706	8,209
Membership fees	499,480	102,755
Other expenses	2,069,922	93,269
Postage and courier	924	1,614
Printing and stationery	168,203	775,549
Purchase of refuse bags	28,900	-
Leave encashment	974,971	614,587
Revitalisation of cane Product	-	198,650
Rent - Plant, Vehicles and Other	543,298	437,083
Security	2,110,763	2,092,869
Sports	680,154	194,604
Tourism Strategy	203,060	-
Subsistence and travel Conferences	161,546	302,144
Telephone and fax	678,898	557,211
Development of Services	675,838	-
Training	270,181	420,906
Uniforms	22,960	10,774
Venue expenses	-	4
Workshop / Conferences / Meeting	274,149	347,001
	18,682,280	13,414,539

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
27. Cash generated from operations		
Surplus	25,803,408	13,802,212
Adjustments for:		
Depreciation and amortisation	5,698,271	4,357,314
Loss on disposal of assets and liabilities	-	10,280
Interest income	(1,580,891)	(391,833)
Finance costs	1,327,008	1,503,980
Impairment deficit	213,662	-
Bad debt recovered	(3,836)	-
Movements in operating lease assets and accruals	-	8,432
Other non cash item	119,951	-
Contribution to / from provisions	210,082	1,072,979
Other non-cash items	601,061	271,170
Changes in working capital:		
Trade and other receivables	261,587	418,520
Consumer debtors	1,061,455	(1,761,280)
Trade and other payables	2,593,122	1,651,396
VAT	(1,815,297)	2,051,768
Unspent conditional grants and receipts	18,697,157	(223,971)
	53,186,740	22,770,967
28. Utilisation of Long-term liabilities reconciliation		
Long-term liabilities raised	7,814,369	8,988,398
Used to finance property, plant and equipment	(7,814,369)	(8,988,398)
	-	-
29. Commitments		
Authorised capital expenditure		
Approved and contracted for:		
• Infrastructure	23,187,997	49,734,570
• Land & Buildings	1,708,098	500,000
• Community Assets	852,074	53,429,774
	25,748,169	103,664,344
Approval and not yet contracted		
• Infrastructure	66,327,178	-
• Land & Buildings	7,123,647	-
• Community	17,216,123	-
	90,666,948	-

This committed expenditure relates to property and payment made subject to approval of the project.

30. Contingencies

Currently there is a case of in court elated to an employee that was removed from her position to another. According to our attorneys opinion we the municipality stands a good chance to this case but if we loose it, the maximum expenditure that we we will incurr will be R100 000.00

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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31. Financial Instruments

Exposure to currency, interest rate, credit risk and liquidity risks arise in the normal course of the Municipalities's business

Financial risk management

The Municipalities has exposure to the following risks from its use of financial instruments:

Liquidity Risk
Interest Rate Risk
Credit Risk

This note presents information about the Municipality's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements

The Council and the Accounting Officer have overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Municipality's activities.

The Municipality through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations

Financial Assets

Total assets	44,741,039	13,091,990
Trade and other receivables	4,960,469	4,540,530
Cash and cash equivalents	39,780,570	8,551,460

Financial Liabilities

Total liability	44,806,691	24,558,392
Loans Received	7,814,369	8,988,398
Trade & other Payables	11,943,620	9,172,419
Finance Lease	2,425,486	2,471,516
Unspent Grants	22,623,216	3,926,059

The Accounting Officer is of the opinion that the values reflected in the Financial statements are a true reflection of Fair values of both the Financial Assets and Liabilities.

The fair value of trade & other receivable is estimated to be the actual receipts expected adjusted for possibility of doubtful debt. Payables are settled within 30 days of receipt of invoice and therefore are reflected at the settlement amount.

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in raising funds to meet its commitments. The Municipality's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Municipality's reputation. The bulk portion of investments held are short term and can be converted when required. The loan raised was raised for the development of the Municipal Offices at a fixed rate through out the period of repayment

Total balance of liquidity risk R9 202 387.

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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31. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The Municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the Municipality's capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment.

Balances exposed to the interest rate risk

Investments	27,874,188	7,068,673
Cash & Cash investment	11,906,382	1,437,401
	39,780,570	8,506,074

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its obligation to the Municipality, thereby causing financial loss to the Municipality. It is the Municipality's policy that all customers who wish to trade on credit terms are subject to payment of a deposit. In addition, receivable balances are monitored on an ongoing basis with the result that the Municipality's exposure to bad debts is not significant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

Trade and other receivables from exchange transactions	1,402,984	1,445,464
VAT receivable	2,335,899	535,830
Consumer debtors	1,221,586	2,135,918
	4,960,469	4,117,212

The ageing of trade receivables at the reporting date was

	2012 Gross	2012 Impairment	2011 Gross	2011 Impairment
Current	2,492,441	755,645	3,345,917	3,226,116
Past Due: 31 - 60	553,423	-	41,556	-
Past Due: 61 - 90	263,085	-	41,556	-
More than 90	1,651,520	1,329,120	625,668	731,227

32. Related parties

The Municipal Manager is the chairperson of the IEC within the Municipal jurisdiction. The IEC has rented office space from the municipality.

Related party transactions

The transactions entered into during the year by the Municipality and the IEC are as follows:

Rental Income received from IEC	25,794	19,348
Accounts receivable from the IEC	11,695	6,449

There were no other related parties transactions during the year.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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33. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	1,113,672	966,186
Amount paid - current year	(1,113,672)	(966,186)
	-	-

VAT

VAT receivable	2,335,899	520,602
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VAT output payables and VAT input receivables are shown in note 4.

All VAT returns have been submitted by the due date throughout the year.

PAYE and UIF

Current year payroll deductions	3,394,904	2,513,121
Amount paid - current year	(3,394,904)	(2,513,121)
	-	-

Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Councillors'	1,422,562	1,056,114
Amount paid - current year	(1,422,562)	(1,056,114)
	-	-

34. Operating lease

The amounts of minimum lease payments under non-cancellable operating leases in respect of photocopier equipment are as follows for:

Equipment

- Within one year	166,834	145,073
- In second to fifth year inclusive	159,883	326,717
	326,717	471,790

35. Unauthorised expenditure

Unauthorised expenditure awaiting authorization	-	1,179,993
Less: Amounts condoned	-	(1,179,993)
	-	-

This is in relation to over-expenditure on line items. The overall budget of the vote was not exceeded.

36. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	13,000	-
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The above expenditure was caused by interest charged on late payments of telephone account.

MAPHUMULO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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37. Irregular expenditure

Opening balance	-	2,845,883
Add: Irregular Expenditure - current year	14,936,021	17,064,180
Less: Amounts condoned	-	(8,199,572)
Less: Amounts not recoverable (not condoned)	-	(11,710,491)
	14,936,021	-

Details of irregular expenditure – current year

Irregular expenditure occurred as a result of non compliance with section 17 (1)(c) of SCM regulation and expenditure is not recoverable, therefore it will be taken to the council for approval.

Irregular expenditure identified above will be investigated & reported accordingly. the documents relating to projects could not be given to auditors because they were taken by investigators.

DEVIATION FROM SUPPLY CHAIN MANAGEMENT SYSTEM 1,549,983

Procurement was done with less than three quotations, The total value of the expenditure amount to R 1 549 983

Expenditure were regularized by the council.

1,549,983

38. Grants and subsidies paid

Other subsidies

Grant Exp: Sports & Recreation Grant	-	945,264
Group co ID 2	322	167,294
Grant Exp: Arts & Craft	-	26,702
Grant Exp: Capacity Support Grant	294	70,190
Grant Exp: Fin Mangt Grant	1,489,706	1,128,435
Grant Exp: IDP Grant	-	13,100
Grant Exp: Induct Training Grant	-	10,745
Grant Exp: Inter Dep. Monitoring	851	8,333
Grant Exp: Internal Control	310	149,690
Grant Income: MDP Capacity Building	32,715	-
Grant Income: MSIG	717,864	-
Group co ID 20	2,603,722	2,033,044
	4,845,784	4,552,797
Grants paid to ME's	-	-
Other subsidies	4,845,784	4,552,797

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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39. Change in estimate

Property, plant and equipment

The useful life of certain property, plant and equipment was reviewed regularly by management. In the current period management have revised their estimate. The effect of this revision has decreased the accumulated depreciation charges for the current and future periods by R 99,020

40. Events after the reporting date

Management are not aware of any material events that may have occurred between balance sheet date and the date of signing of the financial statements.

41. Deviation from supply chain management regulations

Deviation occurred as a result of applying section 36 of supply chain management. R 1 450 478.59

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

42. Retirement Benefits Information

The Municipality's employees are members of Natal Joint Municipal Pension Fund (a State and Multi Employer Defined Benefit Plan). Along with other Municipalities in the province of KwaZulu Natal, Maphumulo Local Municipality participates in a multi employer defined plan. Because the plan exposes the participating entities to actuarial risks associated with the current and former employees of other municipalities participating in the plan there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual municipalities participating in the plan. Maphumulo Local Municipality therefore accounts for the plan as if it were a defined contribution plan per GRAP 25 Employee Benefits.

MAPHUMULO LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand

43. Statement of comparative and actual information

2012

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance									
Property rates	8,884,570	8,884,570		8,884,570	9,172,261		(287,691)	103 %	103 %
Service charges	300,000	-		-	-		-	DIV/0 %	- %
Investment revenue	431,061	629,789		629,789	1,580,891		(951,102)	251 %	367 %
Transfers recognised - operational	51,496,240	47,243,043		47,243,043	45,907,624		1,335,419	97 %	89 %
Other own revenue	1,325,559	1,040,753		1,040,753	1,022,122		18,631	98 %	77 %
Total revenue (excluding capital transfers and contributions)	62,437,430	57,798,155		57,798,155	57,682,898		115,257	100 %	92 %
Employee costs	(16,058,019)	(17,072,219)	-	(17,072,219)	(14,536,492)	-	(2,535,727)	85 %	91 %
Remuneration of councillors	(6,835,397)	(5,284,497)	-	(5,284,497)	(4,808,880)	-	(475,617)	91 %	70 %
Debt impairment	(360,000)	(360,000)		(360,000)	(3,066,569)	-	2,706,569	852 %	852 %
Depreciation and asset impairment	(3,000,000)	(6,525,499)		(6,525,499)	(5,911,933)	-	(613,566)	91 %	197 %
Finance charges	(1,118,842)	(1,505,000)	-	(1,505,000)	(1,327,142)	-	(177,858)	88 %	119 %
Transfers and grants	(1,884,750)	(600,000)	-	(600,000)	(4,845,784)	-	4,245,784	808 %	257 %
Other expenditure	(25,914,801)	(24,858,745)	-	(24,858,745)	(17,498,042)	-	(7,360,703)	70 %	68 %
Total expenditure	(55,171,809)	(56,205,960)	-	(56,205,960)	(51,994,842)	-	(4,211,118)	93 %	94 %
Total revenue (excluding capital transfers and contributions)	62,437,430	57,798,155	-	57,798,155	57,682,898	-	115,257	100 %	92 %
Total expenditure	(55,171,809)	(56,205,960)	-	(56,205,960)	(51,994,842)	-	(4,211,118)	93 %	94 %
Surplus/(Deficit)	7,265,621	1,592,195		1,592,195	5,688,056		(4,095,861)	357 %	78 %

MAPHUMULO LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	31,881,000	41,940,434		41,940,434	20,115,352		21,825,082	48 %	63 %
Surplus/(Deficit)	7,265,621	1,592,195	-	1,592,195	5,688,056	-	(4,095,861)	357 %	78 %
Capital transfers and contributions	31,881,000	41,940,434	-	41,940,434	20,115,352	-	21,825,082	48 %	63 %
Surplus (Deficit) after capital transfers and contributions	39,146,621	43,532,629		43,532,629	25,803,408		17,729,221	59 %	66 %
Surplus (Deficit) after capital transfers and contributions	39,146,621	43,532,629	-	43,532,629	25,803,408	-	17,729,221	59 %	66 %
Surplus/(Deficit) for the year	39,146,621	43,532,629		43,532,629	25,803,408		17,729,221	59 %	66 %

MAPHUMULO LOCAL MUNICIPALITY

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources									
Total capital expenditure	39,127,000	49,001,500	-	49,001,500	9,799,418	-	39,202,082	20 %	25 %
Cash flows									
Net cash from (used) operating	17,797,000	11,620,908		11,620,908	53,186,740		(41,565,832)	458 %	299 %
Net cash from (used) investing	(20,088,000)	(18,106,427)		(18,106,427)	(20,335,835)		2,229,408	112 %	101 %
Net cash from (used) financing	(1,347,000)	10,350,788		10,350,788	(1,611,991)		11,962,779	(16)%	120 %
Cash/cash equivalents at the year end	(3,638,000)	3,865,269		3,865,269	31,238,914		(27,373,645)	808 %	(859)%

44. Additional Note